

March 25, 2011

To: Executive Board

Subject: **Fiscal Year 2011 Financial Statements and Investment Summary – January 2011**

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### **Recommendation**

Receive and file the Financial Statements and Investment Summary for Fiscal Year 2011.

### **Analysis**

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the first seven months of the fiscal year ending June 30, 2011.

Foothill Transit's cash position of \$54.9 million is \$200,000 more than the previous month. This increase of cash is the net change between the uses of cash and sources of cash. Uses of cash include a \$1.3 million increase in due from other governments and \$90,000 used for capital projects. Sources of cash consisted of \$300,000 decrease in account receivable and \$1.3 million of excess operating funding over operating expenses.

January 2011 fare revenues were \$1.5 million, which is 14.2 percent more than the monthly budgeted amount. This is the seventh month in which revenues have exceeded the monthly budgeted amount. It is difficult to isolate the factors responsible for this increase. A fare increase was implemented along with service refinements to improve fare revenues. The combination of these factors may have positively impacted fare revenues more than reflected in the budget. Recent economic forecasts are also indicating an improvement; however unemployment continued to remain at double digit levels.

Operating costs through January were \$34.6 million, which is \$2.9 million less than the budget. These costs are \$3.8 million or 9.9 percent less than for the same period one year earlier primarily as a result of lower fuel costs. Foothill Transit had sufficient funds to meet all of its obligations.

### **Balance Sheet Analysis (Attachment A):**

#### Assets

The balance sheet as of January 31, 2011 shows total assets at \$215.4 million. This total consists primarily of \$156.9 million in fixed assets and \$54.9 million in cash and investments. The cash and investments balances include \$5.0 million invested in the

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Local Agency Investment Fund (LAIF), \$30.6 million in non-interest bearing accounts held with Bank of the West, \$10.0 million in an interest bearing account with Bank of the West, \$3.3 million with Chase, \$4.0 million invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program and \$2.0 million in US Treasury Bills.

Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West in non-interest earning accounts qualify for FDIC insurance, eliminating the risk of loss and in an interest bearing account are secured with required collateral. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of January 2011 was 0.538 percent; slightly more than the previous month's rate of 0.462 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in more than two years, LAIF interest rates have continued a downward trend until this month.

Liabilities

The accounts payable balance is \$6.8 million. \$3.6 million of this amount represents the amount due and payable to the operations and maintenance contractors for January and December services. Other amounts payable include fuel costs of \$482,000 and Monrovia Dial-A-Ride service of \$90,000.

**Operating Revenue and Expense Analysis (Attachment C):**

Fare Revenue

January 2010 fare revenue of \$1.5 million was 14.2 percent more than the monthly budgeted amount and \$133,000 more than December 2010 revenue. The monthly average revenue through December is \$1.4 million or 4.5 percent more than the prior year monthly average.

January revenues continue the positive trend experienced since the beginning of the fiscal year. January year-to-date revenues are 11.1 percent more than the previous year and 11.16 percent more than the budget; and the average monthly revenue is 4.6 percent more than Fiscal Year 2010 average monthly revenue. These could be indicators that the economy may be improving, even though recent unemployment figures have indicated increased unemployment.

State and Local Funding Subsidies of \$31.7 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 8.98 percent more than planned for in the budget. Foothill Transit has sufficient funds to meet all of its obligations.

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## Expenses

January 2011 year-to-date operating expenses were \$34.6 million, compared with the budget of \$37.5 million. This difference of approximately \$2.9 million resulted in a 7.83 percent favorable variance. The majority of this favorable variance is the result of fuel cost savings of \$2.1 million and reduced contractor costs of \$780,000. It should be noted that the January 2011 year-to-date expenses of \$34.6 million are \$3.8 million less than the prior fiscal year.

## Farebox Recovery Ratio

The January 2011 year-to-date farebox recovery ratio was 29.1 percent. This is 6.46 percent more than the performance target of 22.55 percent. The farebox recovery ratio was derived by dividing the total fare revenue figure of \$10,038,281 by the total operating expense figure of \$34,599,241. This ratio has increased 0.4 percent from the December 2010 figure of 28.7 percent.

Sincerely,



Richard Hasenohrl  
Director of Finance



Doran J. Barnes  
Executive Director

Attachments



Foothill Transit  
Balance Sheet  
As of January 31, 2011

**Assets**

## Current Assets:

Cash	\$ 40,650,056
Investments	14,283,546
Due from government agencies	1,863,688
Other receivables	1,333,773
Other assets	397,264
Total Current Assets	<u>58,528,327</u>
Property & Equipment (net of depreciation)	156,875,475
Total Assets	<u><u>\$ 215,403,802</u></u>

**Liabilities and Equity**

## Current Liabilities:

Accounts payable and accrued liabilities	\$ 6,851,990
Current portion of long term debt	
Long Term debt:	1,000,000
Deferred Revenue	<u>20,231,924</u>
Total Liabilities	<u>28,083,914</u>

**Equity**

Investment in Fixed Assets (net):	
Fund Balance:	<u>187,319,888</u>
Total Equity	<u>187,319,888</u>
Total Liabilities and Equity	<u><u>\$ 215,403,802</u></u>

Summary of Cash and  
Investment Account  
For January 31, 2011

	Interest Rate	Term	Principal Amount/Book Value	Market Value
Cash:				
Bank of the West-Reg. Checking	N/A	Demand Deposit	\$22,627,087	\$22,627,087
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Money Market			10,004,179	10,004,179
Bank of the West-Excise Tax	N/A	Demand Deposit	3,991,237	3,991,237
Bank of the West-CTAF <sup>3</sup> Fund	0.750%	Demand Deposit	327,330	327,330
Bank of the West-Bus. Checking	N/A	Demand Deposit	3,698,323	3,698,323
Subtotal Cash on Hand			40,650,056	40,650,056
Unrestricted Investments:				
Chase Business Saving	0.760%	Demand Deposit	3,298,154	3,298,154
Bank of the West-CDARS	N/A	Cert. of Deposit	4,000,000	4,000,000
Treasury Bills			1,996,158	1,996,158
LAIF Investment	0.090%	Demand Deposit	4,989,234	4,989,234
Subtotal Unrestricted Investments			14,283,546	14,283,546
Total Cash and Investments			<u>\$54,933,602</u>	<u>\$54,933,602</u>

**Notes:**

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Foothill Transit  
Statement of Revenue and Expense  
For Month Ended January 31, 2011

	Actual January -11	Budget January -11	Variance Favorable (Unfavorable)	Actual January-09
<b>Operating Revenue</b>				
Farebox	\$6,279,703	\$6,345,617	(1.04%)	\$5,876,958
Pass Sales	1,713,942	1,292,142	32.64%	1,123,833
TAP Cash Purse	1,331,165	691,483	92.51%	1,030,703
MetroLink	17,005	12,950	31.31%	
EZ Transit Pass	696,466	687,925	1.24%	1,000,016
Total Operating Revenue	10,038,281	9,030,117	11.16%	9,031,510
<b>Non-Operating Revenue</b>				
FTA Sec 5307 Operating	1,986,602	2,916,667		
FTA Sec 5307 ARRA	397,988	1,166,667	(65.89%)	
Transportation Development Act (TDA)	8,151,215	8,055,833	1.18%	9,531,578
STA	5,280,754	2,158,333	144.67%	3,072,024
Prop A 40% Discretionary	7,432,125	6,756,633	10.00%	7,025,222
Prop A & C Interest (10,918)	1,227,164	1,705,200	(28.03%)	2,005,848
Prop A 40% BSCP	1,015,637	910,000	11.61%	1,949,176
Prop C Base Restructuring	472,850	369,250	28.06%	973,847
Prop C BSIP	169,246	132,183	28.04%	461,543
Prop C Transit Service Expansion	317,193	318,150	(0.30%)	165,198
Transit Security-Operating	4,322,892	3,772,883	14.58%	391,050
Measure R Operating				2,583,665
Excise Tax Credit				
Auxiliary Revenue	990,555	875,000	13.21%	1,427,668
Total Non-Operating Revenue	31,753,301	29,136,799	8.98%	29,586,819
Total Revenue	41,791,583	38,166,916	9.50%	38,618,329
<b>Available Capital Funding</b>				
Capital Grants	13,749,144			4,382,190
Other				
Total Revenue and Capital Funding	55,540,727	38,166,916		43,000,519
<b>OPERATING EXPENSES</b>				
Operations	29,356,054	32,415,367	9.44%	33,285,022
Marketing and Communications	711,103	715,517	0.62%	638,724
Information Technology	730,409	761,017	4.02%	513,478
Administration	1,102,814	1,063,708	(3.68%)	1,206,348
Sales and Service	964,677	986,942	2.26%	935,653
Finance	598,075	624,108	4.17%	581,288
Safety and Security	364,238	442,458	17.68%	411,804
Planning	324,755	386,400	15.95%	414,535
Building Management	447,116	144,317	(209.82%)	423,681
Total Operating Expenses	34,599,241	37,539,833	7.83%	38,410,533
<b>Capital and Other Expenses</b>				
Capital	13,806,314		N/A	4,225,750
Interest			N/A	
Dial-A-Ride	339,965		N/A	344,189
Special Services	197,317		N/A	344,898
Other Misc. expense	23,969		N/A	
Total Capital and Other Expenditures	14,367,564		N/A	4,914,837
Increase (Decrease) of Revenues Over Expenditures	\$ 6,573,921			\$ (324,851)